Registered number: 03977902

GOOGLE UK LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

Google UK Limited

CONTENTS

Google UK Limited

Strategic Report
For the year ended 30 June 2020

The directors present their strategic report of Google UK Limited ("the Company") for the year ended 30 June 2020.

Directors's duties under Section 172(1) of the Companies Act

The directors who served during the year have acted in good faith and intended to promote the long-term success of the Company. The directors have considered the interest of the Company's stakeholders, the consequences of any long-term decision made and the maintaining of business relationships with suppliers, customers and others whilst undertaking their activities during the year. In doing this, the directors have had regard to the matters set out in s.172(1)(a)-(f) of the Companies Act. The following paragraphs describe how the directors fulfil their duties:

Risk management and long term decision making
The Company utilises compliance and governance mechanisms to minimise risk. The Company's policies and processes effectively identify, evaluate, manage, and mitigate the risks its facing, and it continues to iterate and evolve its approach to risk management. For more details on risks see page 4 of the Strategic Report.

Our people
Please refer to the Directors' report section "Employee engagement" for further details on employee engagement.

Business relationships
As is normal for companies of this size, authority for operational decision making is delegated to management on a day-to-day basis. Over the course of the year, management shares relevant information on business relationships and compliance matters with the Company's directors and, as appropriate, the Alphabet board.

Stakeholders
Given the number of stakeholders and the size of the wider Alphabet Group (the "Group"), stakeholder engagement takes place at both an operational and Group level. The decisions made by the Company during the year ended 30 June 2020 have been made in accordance with the Company and Group's vision, key stakeholder engagement and with our business strategy at the core of what we do.

Reputation, community and environment
Globally, the Company supports Group initiatives to significantly improve the lives of as many people as possible. These initiatives can be explored in more detail at about.google/commitments.

The Company, Google, and the Group support the local community through various initiatives:

- In 2020, we pledged to help one million businesses by the end of 2021 through a number of initiatives. Inpartnership with Digital Boost, we will connect small businesses and charities with Google Digital Garage coaches and Google employees, who are offering 10,000 hours of free 1:1 support and mentoring. We are supporting small businesses to update their online profiles to help them be found by customers and sharing advertising credits with UK businesses, government agencies and NGOs; and have pledged to train 100,000 people by the end of 2021 through free digital skills training.

- Training over 13,000 journalists across the UK through the Google News Initiative training courses. The training teaches journalists to find new ways to report in the digital age, as well as teaching them how to optimise their content for digital audiences, open new digital revenue streams, and ensure that their news organisations are safe and secure. Supported the National Council for the Training of Journalists (NCTJ) to digitize their curriculum to provide free resources and online access to qualifications to new and mid-career journalists across the UK. Enabled over 50 bursaries through the NCTJ Journalism Diversity Fund to broaden

Directors's duties under Section 172(1) of the Companies Act *(continued)*

access to formal qualifications for new journalists.

Detail and further local initiatives, including the impact of the Group, Google, and the Company's activities in the UK, can be found at: about.google/google-in-uk/.

The Company reports the environmental impact of its business in the United Kingdom through its streamlined energy and carbon reporting ("SECR"). This report is available in full in the Directors' Report.

The Group is committed to driving sustainable practices across its business. In 2007, Google was the first major company to reach carbon neutrality - offsetting as much carbon as its operations generated. Since 2017, it has matched its global electricity consumption with 100% renewable energy, which has made it the world's largest corporate buyer of renewable energy. Google is now striving to be the first major company to achieve 24/7 carbon-free energy by 2030, as well as enabling 5 GW of new carbon-free energy in some of its key manufacturing regions by 2030.

The Group is also committed to building technology that helps people do more for the planet - through unifying its practices, partnerships, and products to foster sustainability at scale. By organising information about our planet, and making it actionable through technology, Google helps people make a more positive impact together. To find out more about Google's sustainability programme see https://sustainability.google/.

Review of the business

The Company is engaged in the provision of marketing services and the provision of research and development services to other group undertakings. There were no significant changes in the operation of the Company during the financial year under review.

The key financial and other performance indicators during the year ended 30 June 2020 and the year ended 30 June 2019 were as follows:

Revenue increased from £1,600 million to £1,806 million in the year, an increase of £206 million. Administrative expenses increased from £1,374 million to £1,519 million, an increase of £145 million in the year. A higher demand for the Company's services and rise in employment and other costs impact the service fee receivable by the Company and therefore its results for the year.

The statement of comprehensive income and the statement of financial position are set out on pages 14 and 15 respectively. The profit for the financial year of £226 million (year ended 30 June 2019: £182 million) has been added to the profit and loss account.

The Company's total assets increased from £1,091 million in 2019 to £1,800 million in 2020, an increase of £709 million, primarily related to an increase in tangible assets due to Right-of-Use Lease Assets being recognized under IFRS 16. Shareholders' funds increased by 26% from £715 million to £901 million primarily as a result of the increase in profit for the financial year.

There were no new products sold by the Company and no new services introduced during the year ended 30 June 2020 that had a material impact on the financial statements.

In 2013, the Company entered into a 999 year lease with Kings Cross Central Limited Partnership ("KCCLP"). The total cost of the land recorded at 30 June 2020 is £290 million. Planning permission for the building was granted in August 2017 and pre-commencement works began in November 2017. The construction works commenced before the end of 2017, with the first piles being sunk in December 2017. During FY20, steelwork on core phases 4 and 5 commenced. Installation of the building's feature staircase also got underway.

Google UK Limited

Strategic Report
For the year ended 30 June 2020

Review of the business *(continued)*

The Company's average headcount increased from 4,439 in the year ended 30 June 2019 to 5,124 in the year ended 30 June 2020, an increase of 685.

Principal risks and uncertainties

As a provider of marketing services and research and development services, the Company's principal risks and uncertainties relate to the scaling back of its operations due to a potential reduction in demand for its services.

The demand for its services would be impacted by the principal risks and uncertainties faced by other group undertakings namely:

- These businesses face intense competition. If they do not continue to innovate and provide products and services that are useful to users, they may not remain competitive, and their revenues and operating results could be adversely affected.
- These businesses generate a significant portion of their revenues from advertising and the reduction in spending by or loss of advertisers could seriously harm them.
- A variety of new and existing U.S and foreign laws could subject these businesses to claims or otherwise harm them.
- Privacy concerns and breached security measures relating to these businesses technology could damage the business's reputation and deter current and potential users from using the businesses products and services.
- Acquisitions and investments could result in operating difficulties, dilution and other harmful consequences to the Company.
- Evolving laws and legal systems, including the United Kingdom's withdrawal from the European Union (EU), may adversely affect the Company's revenues and could subject the Company to new regulatory costs and challenges (including the transfer of personal data between the EU and the United Kingdom), in addition to other adverse effects that the Company are unable to effectively anticipate.
- During the financial reporting period and up to the date of this report, the Company has carried out its business operation in line with its principal activities without significant disruption as a result of the Covid-19 pandemic. As the ongoing impacts of the Covid-19 pandemic and the resulting global market disruptions continues to evolve, the extent of the impact remains uncertain and difficult to predict. Such an operating environment has the potential to have an adverse impact on the Company's operations and future financial positions.

By order of the board

Paul Manicle

Paul T. Manicle
Director
Date: 25.03.2021

Google UK Limited

Directors' Report
For the year ended 30 June 2020

The directors present their report of Google UK Limited ("the Company") for the year ended 30 June 2020.

Directors

The directors who held office during the year and up to the date of this report were:

Ken Yi
Paul T. Manicle

Company secretary

The company secretary for the year and up to the date of this report is TJG Secretaries Limited.

Research and development

The Company continued to provide research and development services to other US group undertakings. The Company has incurred costs of £510 million (year ended 30 June 2019: £462 million) in providing research and development services to a related party during the year. Such expenses may fall into the following categories: research, development and engineering.

Future developments

There are no future changes anticipated in the business of the Company at this time.

Going concern

The directors of the Company have received written assurances from an intermediate parent undertaking, Google LLC, that it will continue to provide adequate financial support to the Company for a period of at least twelve months, from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due.

On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Statement of corporate governance arrangements

The Company provides marketing and research and development services to other undertakings in the Group. Alphabet Inc. is the ultimate holding company of all subsidiaries and businesses within the Group.

Guiding principles and code of conduct

The Group's conduct is guided by the principle, "do the right thing". This means, among other things, following the law, acting honourably, and treating co-workers with courtesy and respect. Further specifics are set out in the Code of Conduct (https://abc.xyz/investor/other/code-of-conduct/) which is adopted by the whole Group. All Group employees, board members, temps, vendors and contractors, and those doing business on behalf of the Group are expected to comply with the Code, and are responsible for understanding, promoting, and implementing the Group's guiding principles (https://www.google.com/about/philosophy.html).

The Company's Board (the "Board") considers that the Code of Conduct, guiding principles, and the corporate governance arrangements described below cover the key areas of the Company's corporate governance framework. Because of this, the Board has decided not to formally adopt a recognised code of corporate governance but, instead, adopts the following bespoke approach.

Statement of corporate governance arrangements *(continued)*

The Board

The Board consists of a Financial Controller who provides regional oversight and financial expertise, and a Legal Director who brings legal, corporate governance and risk expertise to the Board. Prior to appointment all Company directors undergo a formal induction programme. The Company's Board is supported by highly skilled leaders and employees within the Company and the wider Group. The size and structure of the Board is considered appropriate to meet the Company's strategic needs and challenges.

The Company and the Group are committed to creating a diverse and inclusive workforce at all levels that is representative of the users it serves. Hiring remains the cornerstone of the Group's efforts to create a diverse workforce. Further details on diversity is available in Google's diversity annual report (https://diversity.google/annual-report/).

Risks

As detailed in the s.172 Statement, it is normal for companies of this size to delegate authority for day-to-day operational decisions to management. The Company's management team makes decisions throughout the financial year on important matters relating to the Company, including principal risks and opportunities. Where necessary and appropriate, these are considered by a broader set of relevant stakeholders within the Group and also by the Board. Details of the principal risks and opportunities considered by the Board in the financial year ending 30 June 2020 are set out in the Strategic Report.

The strategic, financial, and execution risks and exposures associated with the Company and the Group's business are identified and mitigated through collaboration with leaders across the Group and by the systems, processes and controls in operation. The Company and the Group recognise that some risks cannot be eliminated; the Group's policies and decisions (including decisions of the Board), are therefore guided by principles of risk management balanced with the strategic objectives of the Group and the Company, in line with the Group's overarching guiding principles.

Employee engagement

Consultation of employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company. Communication with all employees continues through briefing groups and the intranet website which it updates regularly with Company and industry news.

The Company is an equal opportunity workplace. We are committed to equal employment opportunity regardless of race, color, ancestry, religion, sex, national origin, sexual orientation, age, citizenship, marital status, disability, gender identity or Veteran status. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee engagement *(continued)*

Remuneration

The Company and the Group's remuneration strategy is made in support of the following goals:

- To attract and retain the world's best talent;
- To support the Group's culture of innovation and performance; and
- To align employee and Alphabet Inc. stockholders' interests.

Conducting equity pay analysis and recommending initiatives to close any identified pay gaps and foster fair and equitable people processes is also central to the Group's approach to remuneration - for example, in relation to gender, this includes bias avoidance training, developing and progressing talented women within Google, and increasing the number of female engineers and leaders. The Group's Gender Pay Gap Report can be found at diversity.google.com.

All material remuneration decisions which affect the Company are considered from a Company, local, and regional perspective.

Stakeholder engagement

There is active engagement with all stakeholders of the Company, including suppliers, employees, owners, the local community and environment, and other stakeholders. Please refer to Section 172(1) statement in the strategic report for further details.

Results and dividends

The Company's profit for the financial year is £226 million (year ended 30 June 2019: £182 million). The directors do not propose the payment of a dividend for the year (year ended 30 June 2019: £nil).

Events since year end date

After the reporting period but before the financial statements were authorised for issue, a proposed change to the UK corporation tax rate was announced in the Budget on 3 March 2021 to increase the current UK corporation tax rate from 19% to 25% effective from 1 April 2023. If enacted, this will impact the calculation of current and deferred tax for future periods.

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Alphabet Inc. group throughout the financial year and to the date of approval of the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Statement of directors' responsibilities *(continued)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- *Make judgments and estimates that are reasonable and prudent*;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Streamlined energy and carbon reporting

Google has been carbon neutral since 2007, and in 2019, for the third consecutive year, we matched 100% of our electricity consumption with renewable energy purchases. In 2020, we neutralized our entire legacy carbon footprint since our founding (covering all our operational emissions before we became carbon neutral in 2007), making Google the first major company to achieve carbon neutrality for its entire operating history.

In the year to 30 June 2020, Google UK Limited's ("the Company") total net greenhouse gas (GHG) emissions were 19,416 metric tonnes of carbon dioxide equivalent (MT CO2e). Carbon dioxide emissions resulting from energy use in the Company's buildings, networking infrastructure, employee's business travel, and car fleet are reported below.

GHG emissions (in MT CO2e)	**Year ended 30 June 2020**
Scope 1 CO2e emissions[1]	**50**
Scope 2 market-based CO2e emissions[2]	**7,229**
Scope 3 CO2e emissions[3]	**12,137**
Total CO2e emissions (Scope 1, 2 [market-based], and 3 [business travel])	**19,416**

Intensity ratio	**Year ended 30 June 2020**
Carbon intensity per unit of revenue *([Scope 1 + Scope 2 market-based] / revenue (£'m))*	**4.031**
Revenue (£'m)	**1,806**
Location-based emissions	
Scope 2 location- based CO2e emissions[2]	**10,483**

Streamlined energy and carbon reporting *(continued)*

Total energy use (kWh used to calculate above emissions)	**44,370,765**

Methodology applied
The methodology used to estimate the GHG emissions resulting from the Company's operations is World Resources Institute (WRI) / World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol). The operational control approach has been used to define the reporting boundary.

The Company assumes it has operational control over its natural gas consumption where it is billed directly for the consumption. As a result, emissions are considered direct and reported within its Scope 1 emissions. For facilities within the Company's operational control where natural gas is not directly billed, the Company determines that its consumption is indirect. Natural gas consumption for these facilities is estimated and reported within its Scope 2 emissions.

[1] Scope 1 emissions comprises natural gas use generated by facilities and fuel consumption from the Company's operated vehicles.

[2] Scope 2 emissions comprises electricity consumed by the Company's offices and networking infrastructure. Where natural gas consumption from offices or electricity consumption from facilities was not available, the Company estimates consumption.

The emission factors used to calculate Scope 2 location-based emissions include the GHG Protocol Emission Factors from Cross Sector Tools and the International Energy Agency Emission Factors. The emission factors used to calculate Scope 2 market-based emissions include the Association for Issuing Bodies European Residual Mixes and emission factors specific to energy attribute certificates applied.

[3] Scope 3: Business travel comprises GHG emissions generated by Company employees from air travel and are calculated using the Department for Environment, Food and Rural Affairs UK Government GHG Conversion Factors.

Energy efficiency
The Company undertook energy efficiency incentives throughout the year to reduce annual energy consumption. Key initiatives included the following - the installation of timers on digital displays to reduce running hours, the fitting of aerators in taps to reduce water consumption and the altering of lift programming system to be more energy efficient. An Energy Savings Opportunity Scheme (ESOS) survey was also completed to review potential energy savings.

Google UK Limited

Directors' Report
For the year ended 30 June 2020

Disclosure of information to auditors

The directors confirm that, so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young as auditor of the Company.

By order of the board

Paul Manicle

Paul T. Manicle
Director
Date: 25.03.2021

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOOGLE UK LIMITED

Opinion

We have audited the financial statements of Google UK Limited for the year ended 30 June 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOOGLE UK LIMITED (continued)

Other information

The other information comprises the information included in the annual report set out on pages 2 to 10, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOOGLE UK LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst Young

Tara Lillywhite (Senior statutory auditor)
for and on behalf of Ernst & Young Statutory Auditor
Dublin
29 March 2021

Google UK Limited

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	**Year ended 30 June 2020 £'000**	Year ended 30 June 2019 £'000
Turnover	5	**1,805,509**	1,599,854
Administrative expenses		**(1,519,346)**	(1,374,002)
Operating profit		**286,163**	225,852
Interest receivable and similar income	7	**51**	50
Interest payable and similar expenses	8	**(9,847)**	(70)
Profit on ordinary activities before taxation	6	**276,367**	225,832
Tax on profit on ordinary activities	10	**(50,373)**	(44,313)
Profit for the financial year		**225,994**	181,519
Other comprehensive income:			
Other comprehensive income		**-**	-
Total comprehensive income for the financial year		**225,994**	181,519

Turnover and operating profit arose solely from continuing operations.

The notes on pages 17 to 43 form an integral part of these financial statements.

Google UK Limited

Statement of Financial Position
As at 30 June 2020

Registered number: 03977902

	Notes	30 June 2020 £'000	30 June 2019 £'000
Fixed Assets			
Tangible assets	11	**1,437,056**	748,272
Current assets			
Debtors: amounts falling due within one year	12	**263,111**	248,514
Debtors: amounts falling due after one year	12	**100,266**	93,794
Total current assets		**363,377**	342,308
Creditors: amounts falling due within one year	13	**(402,612)**	(296,975)
Net current (liabilities) / assets		**(39,235)**	45,333
Total assets less current liabilities		**1,397,821**	793,605
Creditors: amounts falling due after one year	13	**(471,593)**	(45,724)
Provision for liabilities	15	**(24,912)**	(33,325)
Net assets		**901,316**	714,556
Capital and reserves			
Called up share capital presented as equity	16	**50,001**	50,001
Other equity reserves		**43,224**	82,458
Profit and loss account		**808,091**	582,097
Total shareholders' funds		**901,316**	714,556

The financial statements on pages 14 to 16 and supporting notes to the financial statements on pages 17 to 43 were approved by the board of directors and were signed on its behalf by:

Paul Manicle

Paul T. Manicle
Director
Date: 25.03.2021

Google UK Limited

Statement of Changes in Equity
As at 30 June 2020

	Share capital £'000	Other equity reserves £'000	Retained earnings £'000	Total £'000
At 1 July 2018	**50,001**	**104,054**	**400,578**	**554,633**
Profit for the financial year	-	-	181,519	**181,519**
Share-based payment, net of tax	-	449,515	-	**449,515**
Share-based payment recharge	-	(471,111)	-	**(471,111)**
Balance at 30 June 2019	**50,001**	**82,458**	**582,097**	**714,556**
At 1 July 2019	**50,001**	**82,458**	**582,097**	**714,556**
Profit for the financial year	-	-	225,994	**225,994**
Share-based payment, net of tax	-	531,757	-	**531,757**
Share-based payment recharge	-	(570,991)	-	**(570,991)**
Balance at 30 June 2020	**50,001**	**43,224**	**808,091**	**901,316**

The notes on pages 17 to 43 form an integral part of the financial statements.

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

1. General information

Google UK Limited ("the Company") is a private company limited by shares domiciled and incorporated in the United Kingdom ("UK"). The Company's registered number is 3977902 and the registered office and principal place of business is Belgrave House, 76 Buckingham Palace Road, London, SW1W 9TQ.

The financial statements of the Company for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors dated 25.03.2021.

The Company's ultimate holding company is Alphabet Inc., a company incorporated in the United States of America, while its immediate Parent and ultimate controlling party is Google International LLC, a company incorporated in the United States of America. Related companies in these financial statements refer to the group of companies under the Alphabet Inc. group.

The principal activities of the Company are the provision of research and development services and the provision of marketing services to other group undertakings.

2. Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), UK generally accepted accounting practice, and in accordance with the Companies Act 2006.

3. Accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention.

The directors of the Company have received written assurances from an intermediate parent undertaking, Google LLC, that it will continue to provide adequate financial support to the Company for a period of at least twelve months, from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

The financial statements were prepared in pound sterling ("£") and all amounts have been rounded to the nearest thousand, unless otherwise indicated.

(b) Financial reporting standard 101- reduced disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. The Company is a qualifying entity for the purposes of FRS 101.

In accordance with the exemptions available under the reduced disclosure Framework of FRS 101, the company has availed of the following exemptions in accordance with paragraph 8 of FRS 101 in respect of:

- The requirements of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1 (a reconciliation of the number of shares outstanding at the beginning and at the end of the period)
  - paragraph 73(e) of IAS 16 "Property, Plant and Equipment"

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

3. Accounting policies *(continued)*

(b) Financial reporting standard 101- reduced disclosure exemptions *(continued)*

- The requirements of paragraphs 10(d), 16, 38(A, 38B-D, 40A-D), 111 and 134 to 136 of IAS 1 "Presentation of Financial Statements"
- The requirements of IAS 7 "Statement of Cash Flows"
- The requirements of paragraphs 30 to 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement to disclose information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more group members and the requirements of paragraph 17 "to disclose key management compensation"
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 "Share Based Payment"
- The requirements of paragraph B64(d,e and k) of IFRS 3 "Business Combinations"
- The requirements of IFRS 7 "Financial Instruments Disclosures"
- The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement"
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, "Revenue from Contracts with Customers"
- The requirements of paragraph 52, 58, 89 (second sentence), 90, 91 and 93 of IFRS 16 "Leases".

Critical accounting judgments and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in note 4 to the financial statements.

New and amended standards and interpretations effective during the period

Adoption of IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and supersedes the leasing requirements under IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

From a lessee perspective, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise a lease liability and right-of-use asset for all leases with a term of more than 12 months (unless the underlying asset is of low value); and depreciate lease assets separately from recording interest on lease liabilities in the income statement.

The Company has adopted IFRS 16 on 1 July 2019. In accordance with the transition provisions of IFRS 16, the Company has chosen to adopt the modified retrospective approach and has not restated comparative information.

As a result of adopting IFRS 16, the Company has recognised right-of-use assets of £500 million and lease liabilities of £519 million, at 1 July 2019. Refer to Note 21 for further details on the transition approach and assessed impact as a result of adopting IFRS 16.

3. Accounting policies *(continued)*

(c) Foreign currency

(i) *Functional and presentation currency*
The financial statements of the Company's operations are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in pound sterling ("£"), which is also the Company's functional currency and presentation currency. All values are presented in pound sterling ("£") to the nearest thousand except where otherwise indicated.

(ii) *Transactions and balances*
Transactions in currencies other than the Company's functional currency ("foreign currency") are recorded at average month end rates of exchange which approximates the actual rates on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on translation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(d) Turnover

The Company recognises revenue when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company generates revenue through service agreements with other Alphabet group companies, being primarily the provision of marketing and services support, and the provision of research and development (R&D) services.

The service fee charged under both arrangements is based on the level of expenses, as agreed between parties in the performance of services. Where the transaction price contains variable consideration, the Company uses the most likely amount method in estimating revenue. These estimates are not constrained, as the Company assesses that it is highly probable that a significant reversal of revenue will not occur.

Revenue from these service agreements are recognised when obligations to the customer are satisfied, and control of the promised services are transferred. The Company recognises revenue over time, as the customer simultaneously receives and consumes the benefits as the service is provided. The Company applies an output method, based on underlying financial results as agreed between parties, which is considered to faithfully depict the transfer of control to the customer.

3. Accounting policies *(continued)*

(e) Income tax

The tax expense for the period comprises current and deferred tax.

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the deferred tax asset or liability arises from the initial recognition of an asset or liability which affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable future taxable profits available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Employee benefits

Short term employee benefits
Short term employee benefits, including wages and salaries, are recognised as an expense in the financial year in which the employees render the related service.

Employee entitlements to salaries and wages, annual leave and other benefits are recognised as a liability when they accrue to the employees. The undiscounted liability is expected to be settled wholly within 12 months of the end of the reporting period.

3. Accounting policies *(continued)*

(f) Employee benefits *(continued)*

Defined contribution plans
The Company operates a defined contribution scheme for employees and makes contributions to a separately administered pension fund.

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions. Once contributions have been paid, the Company has no further payment obligations.

(g) Provisions for liabilities

General
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Asset retirement obligation
The Company assesses its lease agreements for requirements to return leased premises to their original condition. Assessments are carried out by an independent third party valuer to determine the level of work required and to evaluate the likely cost where the underlying leasehold improvements are bespoke in nature. A provision for asset retirement obligations is recognised over the life of the lease for the best estimate of the cost of rectification at the end of the lease term.

(h) Research and development

Research costs are expensed in the period in which they are incurred. The Company currently incurs no development costs which would meet the criteria for capitalisation as development expenditure under IAS 38.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and short-term, highly liquid investments with maturity of three months or less, which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

3. Accounting policies *(continued)*

(i) Cash and cash equivalents *(continued)*

The company participates in an intergroup cash pooling programme, which involves the transfer of cash amounts and bank overdrafts to an intergroup cash pooling entity. The amounts placed with the cash pooling entity are classified as "Amounts owed to other group undertakings" (Note 13) and measured at amortised cost.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(k) Equity instruments issued

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issuance of new shares are shown in the equity as a reduction from the proceeds.

(l) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ('FVTPL'), directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset in its entirety, except for those subsequently measured at fair value through other comprehensive income ('FVTOCI'), the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss. For derecognition of financial assets measured at FVTOCI, any cumulative gain or loss is recognised in other comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Classification and measurement
The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either FVTOCI, or FVTPL), and
- those to be measured at amortised cost.

3. Accounting policies *(continued)*

(l) Financial assets *(continued)*

A financial asset is measured at amortised cost if it has not been designated as FVTPL and meets both of the following conditions:

- it is held within a business model whose objective is to hold to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it has not been designated as FVTPL and meets both of the following conditions:

- it is held within a business model whose objective is both to hold to collect contractual cash flow and sell financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company can make an irrevocable election to present subsequent changes in the investments as FVTOCI. This election is made on an investment by investment basis. The Company has elected not to avail of this exemption and instead measures equity investments at FVTPL and records all fair value movements on equity investments through profit or loss.

Debt instruments
Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the company's debt instruments are measured at amortised cost as the assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The company's debt instruments consist of the following:

- Loans and debtors owed from group undertakings
- Trade debtors
- Other debtors

The company participates in an intergroup cash pooling program, which involves the transfer of cash amounts and bank overdrafts to an intergroup cash pooling entity. The amounts placed with the cash pooling entity are classified as "Amounts owed by group undertakings" (see note 12).

Impairment of debt instruments measured at amortised cost
For trade debtors, including intercompany trade debtors, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Company uses judgement in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For loans owed from related parties, the Company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12

3. Accounting policies *(continued)*

(l) Financial assets *(continued)*

months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

Management considers amounts due from related parties to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

(m) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provision of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of the financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

Financial liabilities are derecognized when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognized, and through the amortization process.

The Company contains the following categories of financial liabilities:

- Financial liabilities held at amortised cost

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

(i) *Financial liabilities held at amortised cost*

Financial liabilities at amortised costs are included in 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due after more than one year' in the statement of financial position.

Creditors are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest expense relating to the financial liability is recognised in profit or loss on a time proportion basis using the effective interest rate method.

Trade creditors and other creditors represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade creditors approximate fair value due to their short term nature. The amounts are unsecured and are generally paid within 30 - 90 days recognition.

3. Accounting policies *(continued)*

(n) Leases

Accounting policies applied since 1 July 2019

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception. The arrangement is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Arrangements as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, less any lease incentives received; plus any initial direct costs incurred; plus an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is depreciated over the shorter of the useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, an appropriate incremental borrowing rate, as determined by the Company.

The lease liability is subsequently measured at amortised cost using the effective interest rate method and re-measured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or for certain lease modifications. A corresponding adjustment will be made to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The carrying amount of the lease liability is reduced to reflect lease payments made by the Company during the period.

Practical Expedients and Exemptions

The Company has lease agreements with lease and non-lease components. The Company has elected the practical expedient to account for lease and any associated non-lease components together as a single lease component for all classes of underlying assets.

The Company does not recognise the right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Arrangements as a lessor

At the lease commencement date, the Company determines whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset then the lease is classified as an operating lease.

3. Accounting policies *(continued)*

(n) Leases *(continued)*

Accounting policies applied before 1 July 2019
In accordance with the transition provisions of IFRS 16, the Company has chosen to adopt the modified retrospective approach and has not restated comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy, which is outlined below.

Operating lease - IAS 17
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight line basis over the period of the lease.

Lease premiums and similar incentives that are received or paid are treated as deferred or accrued income and released to the profit and loss account on a straight line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(o) Tangible assets

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment value, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of standard performance of the asset before the expenditure was made, will flow to the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from their use. On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

3. Accounting policies *(continued)*

(o) Tangible assets *(continued)*

Depreciation is provided on the straight line method over their estimated useful lives as follows:

- Land and construction in progress are not depreciated.
- Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives. The Company depreciates buildings over periods up to 25 years. Leasehold improvements are depreciated over the lesser of 7 years or the lease term. Furniture and fixtures are depreciated over periods up to 7 years. Information technology assets are generally depreciated over periods up to 3 years.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(p) Borrowing costs

Specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period they occur.

(q) Impairment of non-financial assets and financial assets measured at cost

The carrying amounts of the non-financial assets and financial assets measured at cost are reviewed at each reporting date to determine whether there is any indication of impairment in value. If any such indication exists, the assets recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment in value is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The fair value less costs to sell is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

3. Accounting policies *(continued)*

(q) Impairment of non-financial assets and financial assets measured at cost *(continued)*

Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at each reporting date as to whether there is any indication that an impairment in value recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

An impairment in value recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation if no impairment in value had been recognised.

Reversals of impairment in value are recognised in profit or loss. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Share based payments

Equity settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Restricted stock units ("RSUs") are measured based on the fair market values of the underlying stock on the dates of grant. The share-based payment relating to stock options is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model. The BSM model requires assumptions including expected volatility and expected term.

The Company is required to estimate the expected forfeiture rate (based on historical experience) and only recognise expenses for those RSUs expected to vest. To the extent the actual forfeiture rate is different from the estimate; share-based payment is adjusted prospectively. The movement in cumulative expense since the previous reporting date is recognised in the statement of comprehensive income, with a corresponding entry in equity ("Other equity reserves" account).

The Company reimburses another group undertaking, Google LLC, for RSUs issued to its employees. Share-based payment expense and share-based payment reimbursements are recorded separately in "Other equity reserves". Share-based payment reimbursements represent returns of capital to Google LLC to the extent that the Company has sufficient balances within "Other equity reserves" to cover such reimbursements.

Cash settled transactions
The Company accounts for all share-based payments as equity settled transactions.

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

4. Critical accounting estimates and judgements

Critical accounting estimates and judgements
In the process of applying the Company's accounting policies, management is of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

Property, plant and equipment
The annual depreciation on tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. See note 11 for the carrying amount of the tangible assets. The useful economic lives for each class of asset are outlined within note 3.

Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

5. Turnover

The total revenue of the Company for the year has been derived from its principal activity, being primarily the provision of marketing services and the provision of R&D services to other group undertakings. An analysis of turnover is not disclosed in line with Schedule 1, paragraph 68 of Statutory Instrument 2008 No.410.

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

6. Profit on ordinary activities before taxation

Profit before income tax includes the following specific expenses:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Auditors' remuneration - Audit of entity financial statements	**90**	88
Research and development costs	**510,253**	462,148
Depreciation of property, plant and equipment	**43,866**	41,214
Gain on disposal of tangible assets	**(4,187)**	(83)

7. Interest receivable and similar income

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Interest income derived from intercompany loans	**-**	50
Other interest income	**51**	-
	51	50

8. Interest payable and similar expenses

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Interest expense derived from intercompany loans	**289**	43
Interest expense derived from lease liabilities	**9,558**	-
Other interest payable	**-**	27
	9,847	70

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

9. Staff numbers and costs

Staff costs were as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
	£'000	£'000
Wages and salaries	**577,863**	482,692
Social security costs	**118,727**	92,983
Pension costs (Note 9)	**28,896**	22,993
Stock-based payments	**508,948**	441,014
	1,234,434	1,039,682

Staff costs are arrived at after recharging £196 million [Wages and salaries: £138m, Social security costs: £50m, Pension costs £8m] (year ended 30 June 2019: £170 million [Wages and salaries: £119m, Social security costs: £45m, Pension costs £6m]) to group companies.

The Company operates a defined contribution scheme for certain employees and directors. The employees' pension entitlements are secured by contributions by the Company to a separately administered pension fund. Annual contributions are based on a percentage of employees' base salary. The Company matches the employees' contribution up to a maximum of 7%. The pension liability at 30 June 2020 was €6.1 million (30 June 2019: €5.4 million).

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Year ended 30 June 2020	Year ended 30 June 2019
Marketing	**1,932**	1,723
Research and development	**2,428**	2,171
Management and administration	**764**	545
	5,124	4,439

The directors' remuneration for the year and previous year was borne by another group undertaking.

During the year, no director held share options (year ended 30 June 2019: none) in the ultimate parent undertaking, Alphabet Inc. None of the directors exercised options during the year (year ended 30 June 2019: none).

No director (year ended 30 June 2019: none) received shares under a long-term incentive scheme.

No director (year ended 30 June 2019: none) was accruing benefits under the Company's defined contribution scheme.

10. Income tax

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
(a) Income tax expense relating to profit or loss		
Current tax		
Current tax charge	**68,091**	58,987
Adjustment for prior year tax	**(1,260)**	(4,003)
Deferred Tax		
Origination and reversal of timing differences (see note 14)	**(16,458)**	(10,671)
Total income tax expense	**50,373**	44,313

During the year, an aggregated income tax amount of £22.8 million was credited directly to equity (year ended 30 June 2019: credit of £8.5 million).

(b) Numerical reconciliation of income tax expense to tax payable

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Profit on ordinary activities before tax	**276,367**	225,832
Tax on profit on ordinary activities at standard UK tax rate of 19% (30 June 2019: 19%)	**52,510**	42,908
Effects of:		
Expenses not deductible for tax purposes	**2,834**	2,831
Differences including foreign exchange arising in respect of share based compensation	**441**	(2,541)
Effect of tax rate changes	**(5,106)**	2,741
Adjustments in respect of prior periods	**(306)**	(1,626)
Total tax charge for the year	**50,373**	44,313

Factors affecting future tax charges
After the reporting period but before the financial statements were authorised for issue, a proposed change to the UK corporation tax rate was announced in the Budget on 3 March 2021 to increase the current UK corporation tax rate from 19% to 25% effective from 1 April 2023. If enacted, this will impact the calculation of current and deferred tax for future periods.

Unrecognised deferred tax asset
The Company has not recognised a deferred tax asset of £1.6m (30 June 2019: £1.9m) relating to deferred interest deductions under corporate interest restriction rules due to insufficient certainty that the deferred tax asset is recoverable.

11. Tangible assets

	Long leasehold land	Building	Leasehold improvements	Information technology assets	Furniture and fixtures	Construction in progress	Right of use asset	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs								
At 1 July 2019	290,059*	4,880	206,197	81,793	20,996	336,744	-	940,669
Right-of-use assets adjustments on transition to IFRS 16							500,238	500,238
Additions	440	-	29,941	17,081	2,025	174,833	-	224,320
Disposals	-	-	(21,026)	(4,734)	(1,501)	(2,859)	(394)	(30,514)
Transfer costs	-	-	-	2,083	47	(2,130)	-	-
Additions to right-of-use asset	-	-	-	-	-	-	83,986	83,986
At 30 June 2020	**290,499**	**4,880**	**215,112**	**96,223**	**21,567**	**506,588**	**583,830**	**1,718,699**
Depreciation and impairment								
At 1 July 2019	-	1,254	116,530	55,005	15,605	4,003**	-	192,397
Charge for the year	-	287	24,518	15,824	3,237	-	70,235	114,101
Disposals	-	-	(19,052)	(4,310)	(1,493)	-	-	(24,855)
At 30 June 2020	**-**	**1,541**	**121,996**	**66,519**	**17,349**	**4,003**	**70,235**	**281,643**
Net book value								
At 30 June 2020	**290,499**	**3,339**	**93,116**	**29,704**	**4,218**	**502,585**	**513,595**	**1,437,056**
At 30 June 2019	**290,059**	**3,626**	**89,667**	**26,788**	**5,391**	**332,741**	**-**	**748,272**

* The land is held under a 999 year lease which has been treated as passing substantially all of the risk and rewards of ownership to the Company.
** Impairment charge of £4 million is in respect of costs associated with design alterations that are no longer attributable to the final design of the new office space at Kings Cross.

Capitalised borrowing costs

The amount of borrowing costs capitalised during the year ended 30 June 2020 was £nil (30 June 2019: £nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 0.90% which is the effective rate of the borrowing used to finance the construction.

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

12. Debtors

Amounts falling due within one year:

	At 30 June 2020 £'000	At 30 June 2019 £'000
Amounts owed by group undertakings	**190,874**	180,014
Prepayments and accrued income	**32,064**	41,578
VAT receivable	**-**	3,513
Other debtors	**3,894**	2,977
Corporation tax receivable	**36,279**	20,432
	263,111	248,514

Amounts falling due after more than one year:

	At 30 June 2020 £'000	At 30 June 2019 £'000
Deferred tax assets (Note 14)	**95,151**	71,001
Prepayments	**5,115**	22,793
	100,266	93,794

Included within the total prepayments balance of £37.2m is prepaid facilities of £11.6m and prepaid property tax of £21.1m.

Within the deferred tax asset balance of £95.2m is an amount of £87.3m relating to the deferred tax asset on share based compensation expense. The significant majority of this amount will be recoverable in a period greater than one year.

Amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

13. Creditors

Amounts falling due within one year:

	At 30 June 2020 £'000	At 30 June 2019 £'000
Amounts owed to other group undertakings	**48,195**	9,685
Trade creditors	**37,678**	61,085
Accruals	**172,365**	161,980
Deferred rent	**-**	2,508
Other taxes and social security	**71,985**	61,589
Bank overdraft	**44**	128
Lease liabilities	**69,843**	-
VAT payable	**2,502**	-
	402,612	296,975

The 'amounts owed to group undertakings' include amounts of £42.7m that arise as a result of the Company's participation in an intergroup cash pooling program. This program was initiated in 2019. The program involves the transfer of cash amounts that the Company had previously held with external banks to an intergroup cash pooling entity, as part of the efficient management of cash balances within the wider group. Prior to this, the Company held its cash positions directly with an external banking provider, and as a result had classified these balances as cash and cash equivalents.

Trade creditors approximate fair value due to their short term nature. Trade creditors are unsecured and non-interest bearing and are normally settled on 30-90 days terms.

Amounts owed to other group undertakings are unsecured, interest bearing and repayable on demand.

Amounts falling due after one year:

	At 30 June 2020 £'000	At 30 June 2019 £'000
Accruals	**4,781**	2,140
Deferred Rent	**-**	43,584
Lease liabilities	**466,812**	-
	471,593	45,724

From 1 July 2019, the Company accounts for deferred rent previously accounted for under IAS 17 as part of the right-of-use asset in line with IFRS 16. See Note 21 for further details of the transition approach and assessed impact.

14. Deferred tax asset

	£'000	£'000
At 1 July	**71,001**	65,553
Credited to the statement of profit and loss and other comprehensive income	**17,412**	13,048
Adjustment in respect of prior years	**(954)**	(2,377)
Credited to equity – 'Other equity reserves'	**7,692**	(5,223)
At 30 June	**95,151**	71,001

The deferred tax asset is made up as follows:

	At 30 June 2020 £'000	At 30 June 2019 £'000
Fixed assets	**3,026**	4,760
Temporary differences trading	**4,800**	4,213
Share options	**87,325**	62,028
	95,151	71,001

A deferred tax asset of £87.3 million (30 June 2019: £62.0 million) has been recognised in respect of the share units and options as the directors are of the opinion that a tax deduction will be likely in the future. The remaining deferred tax asset recognised within the temporary differences is relating to an asset retirement provision of £3.6 million (30 June 2019: £3.4 million) and employee benefits and bonuses of £1.2 million (30 June 2019: £1.0 million).

15. Provision for liabilities

	Asset retirement obligations £'000
At 1 July 2019	**33,325**
Unwinding of discount rate	**89**
Utilised during the year	**(8,502)**
As at 30 June 2020	**24,912**

Asset retirement obligation

Asset retirement obligations represent the estimated removal costs associated with the obligation of the Company to remove all leasehold improvements upon expiry of the leases relating to leased office premises, which fall payable within the period between 2020 and 2030.

15. Provision for liabilities *(continued)*

Asset retirement obligation *(continued)*

As at 30 June 2020, as a result of a study undertaken by the Company during the period to assess the probability of performing end of lease rectification works for its leasehold improvement assets, the Company derecognised a portion of its asset retirement obligation (ARO) liabilities of £8.5m and offset against the cost of the related asset.

The dilapidation provision has been recorded using a discount rate of 0.36%.

16. Equity and reserves

	At 30 June 2020	At 30 June 2019
	£'000	£'000
Authorised, allotted, called up and fully paid		
50,001,000 Ordinary shares of £1 each	**50,001**	50,001

There were no movements in the Company's ordinary shares during the year (year ended 30 June 2019: none).

17. Share based payments

The Company's ultimate parent undertaking, Alphabet Inc., maintains the 2004 Stock Plan, the 2012 Stock Plan, and plans assumed through acquisitions, all of which are collectively referred to as the "Stock Plans". These Stock Plans are equity-settled.

Under the Stock Plans, incentive and non-qualified stock options or rights to purchase common stock may be granted to eligible participants. Options are generally granted for a term of 10 years. Options granted under the Stock Plans generally vest 25% after the first year of service and rateably each month over the remaining 36 month period contingent upon employment with the Company on the vesting date.

Under these Stock Plans, Alphabet has also issued RSUs. An RSU award is an agreement to issue shares of Alphabet's stock at the time of vest. RSUs issued to new employees vest over four years contingent upon employment with the Company on the dates of vest.

From 1 January 2012, the Company reimburses Google LLC for share options / RSUs granted to its employees. The reimbursement for the year ended 30 June 2020 was £342 million (year ended 30 June 2019: £274 million). The share-based payment charge and the share-based payment recharge are shown separately under "Other equity reserves".

Notes to the Financial Statements
For the year ended 30 June 2020

17. Share based payments *(continued)*

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year. The exercise price disclosures are given in US$ as this is the currency in which the options are exercisable and the underlying shares are quoted.

Ordinary share options

	At 30 June 2020 Number of Share options	**At 30 June 2020 Weighted Average grant date fair value $**	At 30 June 2019 Number of share options	At 30 June 2019 Weighted Average Exercise price $
Exercised during the year	**(6,149)**	**250.39**	(8,108)	206.57
Outstanding at end of year	**2,594**	**282.99**	8,372	260.95

The following summarises the activity for unvested RSUs for the period:

Restricted Stock Units

	At 30 June 2020 Number of Share options	**At 30 June 2020 Weighted Average grant date fair value $**	At 30 June 2019 Number of share options	At 30 June 2019 Weighted Average Exercise price $
Unvested at 1 July	**1,049,523**	**1,027.27**	1,062,449	920.40
Vested during the period*	**(530,514)**	**1,051.17**	579,748	1,078.80
Unvested at 30 June	**1,015,372**	**1,190.34**	1,049,523	1,027.27

* RSUs are measured based on the fair market values of the underlying listed share price on the dates of grant.

Google UK Limited

Notes to the Financial Statements
For the year ended 30 June 2020

17. Share based payments *(continued)*

The following table summarises additional information regarding the range of exercise price for options outstanding at 30 June 2020 and 2019:

Ordinary share options

	At 30 June 2020			At 30 June 2019		
Range of exercise price	**Weighted average exercise price $**	**Number of share Options**	**Weighted average remaining life (years)**	Weighted average exercise price $	Number of share options	Weighted average remaining life (years)
$5.00 - $100.00	-	-	-	-	-	-
$100.01 - $200.00	-	-	-	-	-	-
$200.01 - $300.00	**280.77**	**2,332**	**1.29**	259.60	8,110	1.39
$300.01 - $400.00	**302.75**	**262**	**0.48**	302.75	262	1.48

The weighted average share price of Alphabet Inc. for the year was $1,286.63 (30 June 2019: $1,134.05).

18. Leases

This note details the Company's lease arrangement in accordance with IFRS 16 for the current reporting period. A comparative period has not been presented as the Company adopted IFRS 16 on 1 July 2019 using the modified retrospective approach.

Amounts recognised in the statement of financial position

(i) Right-of-use assets

	Buildings £'000	Technical Infrastructure £'000	Total £'000
Balance at 1 July 2019	459,169	41,069	500,238
Additions	71,596	12,390	83,986
Amortisation charge for the year	(60,491)	(9,744)	(70,235)
Disposal, Terminations	-	(394)	(394)
Balance at 30 June 2020	**470,274**	**43,321**	**513,595**

Right-of-use assets are included as part of '*Tangible assets*' in the statement of financial position. Refer to Note 11.

(ii) Lease liabilities

	Buildings £'000	Technical Infrastructure £'000	Total £'000
Balance at 1 July 2019	477,555	41,833	519,388
Additions	68,993	6,884	75,877
Interest expense for the year	8,842	715	9,557
Terminations	-	(403)	(403)
Lease payments	(58,820)	(8,961)	(67,781)
Foreign exchange differences	-	17	17
Balance at 30 June 2020	**496,570**	**40,085**	**536,655**

Lease liabilities included in the statement of financial position are split as follows:

	Buildings £'000	Technical Infrastructure £'000	Total £'000
Current	60,579	9,264	69,843
Non-Current	435,991	30,821	466,812
Total lease liabilities	**496,570**	**40,085**	**536,655**

18. Leases *(continued)*

Lease liabilities are included as part of 'Creditors: amounts falling due within one year' and 'Creditors: amounts due after more than one year' in the statement of financial position. Refer to Note 13.

Amounts recognised in the statement of profit or loss

	Buildings £'000
Expense relating to short-term leases	(102)
Expense relating to leases of low-value assets that are not short term leases	-
Expense relating to variable lease payments not included in lease liabilities	11,831
	11,729

Other qualitative and quantitative lessee disclosures:
The Company has entered into various leases on land and buildings with lease terms between 1 and 16 years. Buildings contain variable lease payments, which may be reset based on a future market value assessment. Such variable lease payments which do not depend on an index or rate are not included in the measurement of lease liabilities.

19. Commitments

Non-cancellable operating leases

From 1 July 2019, the Company classified operating leases previously accounted for under IAS 17 as right-of-use assets, except for short-term and low-value leases. See Note 18 and Note 21 for further details.

20. Contingent liabilities

The Company is of the position that there are no contingent liabilities which require disclosure as at year end (2019: none).

21. Transition to IFRS 16

The Company has adopted IFRS 16 on 1 January 2019 and as a result, the Company has changed its accounting policy for accounting for lease arrangements as outlined below.

From a lessee perspective, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise a lease liability and right-of-use asset for all leases with a term of more than 12 months (unless the underlying asset is of low value); and depreciate lease assets separately from recording interest on lease liabilities in the income statement.

In accordance with the transition provisions of IFRS 16, the Company has chosen to adopt the modified retrospective approach and has not restated comparative information. The Company has elected practical expedients not to reassess whether an arrangement is, or contains a lease, at the date of adoption and to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. In addition, the Company has elected the practical expedient to rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent

21. Transition to IFRS 16 *(continued)*

Assets, whereby the right-of-use asset at the date of adoption is adjusted by the amount of any provision for onerous leases.

As a result of adopting IFRS 16, the Company has recognised lease liabilities of £519 million and right-of-use assets of £500 million at 1 July 2019. Lease liabilities recognised at 1 July 2019 represent the present value of the remaining lease payments. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 1.7%. Right-of-use assets recognised at 1 July 2019 represent the present value of the lease liability, adjusted for any prepaid lease payments or deferred rent. These leases primarily relate to buildings and technical infrastructure.

A reconciliation of operating lease commitments disclosed as at 30 June 2019 to the lease liability recognised as at 1 July 2020 is outlined below:

	Buildings £'000	Technical Infrastructure £'000	Total £'000
Operating lease commitments disclosed as at 30 June 2019	532,212	41,498	573,710
Discounted at 1.7%	(239,392)	(2,704)	(242,096)
Low-value leases recognised on a straight-line basis as expense	-	(34)	(34)
Other	184,735	3,073	187,808
Lease liability recognised as at 1 July 2019	**477,555**	**41,833**	**519,388**

22. Post balance sheet events

After the reporting period but before the financial statements were authorised for issue, a proposed change to the UK corporation tax rate was announced in the Budget on 3 March 2021 to increase the current UK corporation tax rate from 19% to 25% effective from 1 April 2023. If enacted, this will impact the calculation of current and deferred tax for future periods.

No dividends were proposed or declared after the reporting date but before the financial statements were authorised for issue.

23. Parent and ultimate controlling party

Alphabet, Inc. is the smallest and largest group into which these financial statements are consolidated. The consolidated financial statements are available to the public and may be obtained from 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America or can be obtained from the investor relations website at https://abc.xyz/investor.

All transactions recorded in the year with a related entity are shown in notes 4, 6, 7, 8, 12, 13 and 17. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of Alphabet Inc.

24. Approval of the financial statements

The board of directors approved these financial statements for issue on 25.03.2021